



**State of Arizona**

**Janice K. Brewer**  
Governor

**Office of the Governor**  
1700 West Washington Street, Phoenix, AZ 85007

**Main Phone: 602-542-4331**  
**Facsimile: 602-542-7601**

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CONTACT: Matthew Benson  
(602) 542-1342  
[mbenson@az.gov](mailto:mbenson@az.gov)

## **Governor Jan Brewer Releases Executive Budget for FY '13**

### *Plan Reduces Debt, Sets Money Aside and Spends in Education, Other Key Areas*

PHOENIX – Governor Jan Brewer today unveiled her fiscal 2013 Executive Budget, a balanced, detailed plan that further prepares the State of Arizona for its second century.

The Executive Budget takes a conservative approach reflective of a Governor who has been an Arizona leader among fiscal conservatives for nearly three decades. The plan:

- Budgets cautiously, increasing ongoing spending by just 4.9 percent in FY '13 and 2.4 percent in FY '14;
- Sets money aside for a potential future downturn (projected ending balance of \$587 million in FY '13 and \$329 million in FY '14);
- Begins paying down debt accumulated during the darkest times of the budget crisis; and
- Wisely uses surplus funds to modernize state government, make critical improvements in education and the economy and repairs some of the most vital aspects of our state safety net that became frayed during the last few years.

The complete Executive Budget can be viewed online at: [AZGovernor.gov](http://AZGovernor.gov).

### **The following is Governor Brewer's budget message to members of the 50<sup>th</sup> Arizona Legislature:**

*As we begin Arizona's Centennial year, we have much to celebrate. First and foremost, the engine of commerce that powers our economy and fills State coffers is once again in motion. That said, we in State government must be mindful not to repeat the mistakes of the past, when economic recovery and fiscal exuberance too often went hand-in-hand, leading to unwise and unsustainable expenditures.*

*With that in mind, it is worth remembering how far the State has come since the recession began. Three years ago, Arizona confronted the most dire budget situation of any state in the nation. Our shortfall numbered in the billions of dollars, and elected officials – you and I – faced decisions that were heart-rending but necessary as we struggled to right this ship of state. Like all Arizonans, we have been severely tested by this recession, but I firmly believe the worst is behind us.*

*Today, I present to you a budget that is balanced, fiscally conservative and smart. This is a plan that furthers the financial blueprint I have followed since taking office in 2009. We will keep State Government lean,*

*knowing that the most effective government is one that focuses on core functions and does them well. We will pay down debt, mindful not to allow past decisions of necessity to become an anchor against future prosperity. And we will use surplus dollars sparingly but wisely, directing limited funding to boost economic development, improve Arizona's competitive position and repair the most critical services for Arizonans in need.*

*This is a time of opportunity. We must take advantage, not by squandering temporary funds, restoring old programs or expanding the reach of state government. Rather, we can prudently modernize State infrastructure long in need, begin retiring debt accumulated to bridge the fiscal crisis, and reserve funds in case of future budget troubles. I have structured my budget recommendation according to the following four principles:*

- 1. Short-term decisions must be evaluated in light of their impact on the State's long-term fiscal health.*
- 2. Funding for a program will not be restored simply because funding has been provided in the past.*
- 3. Spending decisions must respect the wishes of citizens who, in voting for Proposition 100, recognized the importance of funding for education, health care and public safety.*
- 4. Temporary resources will be used to improve the State's long-term position.*

*Consistent with the fourth principle, most of the funding recommendations in this proposal are confined to the next fiscal year and address the most glaring needs with respect to State infrastructure or debt. Further, the Executive Recommendation includes several needed reforms that update our statutes and modernize State operations. Some examples include:*

- paying down long-term debt;*
- retiring a portion of the K-12 rollover and addressing soft capital needs;*
- reforming our system of hiring, promoting, managing, terminating and compensating State employees;*
- modernizing and updating the State's information technology infrastructure;*
- reforming the funding of school construction; and*
- expanding prison capacity.*

*Every proposal for ongoing funding relates to an existing program or mandate within the State's core functions. The Executive Budget Recommendation does not expand the size or scope of State Government.*

*We can take heart in having successfully navigated the State of Arizona's worst fiscal downturn in memory. However, risks remain. The national and global economies are uncertain. Federal health reform, if implemented, will impact our State budget beginning in FY 2014. Finally, the federal government appears on the cusp of finally addressing its own fiscal crisis, with unclear ramifications for state finances.*

*As these and other events unfold, Arizona must be prepared. Consistent with that approach, my budget recommendation leaves significant cash balances at the end of both FY 2013 and FY 2014. By budgeting wisely and using our one-time surplus prudently, we can leave the State of Arizona better positioned and prepared for the future – whatever it brings.*

*Yours very truly,*

*Janice K. Brewer  
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